Beverage Container Recycling Program Reform Workshop #1 Comments Capture - September 13, 2012
I.) Ensure Integrity of Program Payments Paid In / Out
I.A:) Topic: Strengthening requirements for becoming a certified entity in the program
I.A: 1.0) Require certified entities to post a security bond to protect Fund from fraudulent and/or unsubstantiated claims for reimbursement or payment of program funds.
I.A: 1.1) Bond requirement was originally intended to be applied to certified recycling centers
I.A: 1.2) Bonding requirement for certified recycler could cause a barrier for convenience zone recyclers
I.A: 1.3) Bond all recycling centers
I.A: 1.4) Bonding requirement will be a barrier to nonprofits and small recycling centers
I.A: 1.5) Bonding requirement was discontinued in place of putting payments on hold at the processor due to long lag time in payment
I.A: 1.6) Bonding requirement should also apply to the beverage manufacturers and distributors
I.A: 1.7) Bonding requirement will increase the cost of doing business for any business subject to the bonding requirement
I.A: 1.8) Bonding requirement could decrease the number of certified recycling centers and processors reducing convenience
I.A: 1.9) Standard cost for a bond ranges from 1.5% to 5% of the bond amount
I.A: 1.10) Implement a tiered structure for bonding based on volume and/or dollars, and/or length of time in program
I.A: 1.11) What is the variance between findings and collections? (This could be a criteria for determining need for bonding)
I.A: 1.12) What is the total amount of Notice of Violations (NOVs) in a given calendar year(s)? (This could be a criteria for determining need for bonding)
I.A: 1.13) Fraud needs to be defined in regulation and statute for the program and tied to a bonding requirement. (This could be a criteria for determining need for bonding)
I.A: 2.0) All certified entities must have a valid business license and all local agency permits in place at all times in order to maintain certification
I.A: 2.1) After certification proof of valid business license and local agency permits must be provided before being operational
I.A: 2.2) Local agency permitting may add additional time to the application process and may add additional complexity to systems
I.A: 2.3) If implemented, this idea would require merging/integrating the local and state process with the certification process/timelines to avoid conflicts that will negatively impact the applicant
I.A: 3.0) Establish criteria for geographical density of certified recycling centers
I.A: 3.1) Link handling fees to density criteria. (density of recycling centers in a given area would

affect handling fee eligibility)
I.A: 3.2) Density could provide a baseline service convenience/recycling center distribution of services
I.A: 3.3) What is the density of Convenience Zone (CZ) recycling centers to non-CZ recycling centers in a given area?
I.A: 3.4) Density of recycling centers has been impacted by curbside services and must be considered in any density decisions
I.A: 3.5) CZ impact on recycling center density needs to be considered in view of CZ concept being implemented prior to establishment of registered curbside programs/services
I.A: 3.6) CZ / recycling center density is partly a result of the $2 million criteria for establishing a CZ
I.A: 3.7) Density criteria not necessary; need to pursue enforcement for unserved CZs
I.A: 3.8) Adjust operating hours - lowering the floor on the 30 hour criteria would help address density. This will create new recyclers in unserved CZs.
I.A: 3.9) Density criteria would help mitigate areas that have more recyclers than is financially supportable
I.A: 3.10) Coordinate CZ exemptions with local jurisdiction - coordinate serving unserved CZs with local jurisdictions
I.A: 3.11) Density criteria should provide preference for existing served CZs
I.A: 4.0) Administrative and Operational
I.A: 4.a.) Require certified entities to submit required reports using DORiis
I.A: 4.a.1) Allow or provide authority for electronic signature of consumer on logs and receipts at certified recycling centers
I.A: 4.a.2) Should charge a fee for submitting hard-copy documents (i.e outside of DORiis)
I.B:) Strengthening program enforcement and compliance efforts
I.B: 1.0) Establish CalRecycle authority to issue NOVs for underpaying and/or non-reporting distributors and beverage manufacturers
I.B: 1.1) Require Beverage Manufacturers and Distributors to post bond in addition to issuing NOVs
I.B: 1.2) Bonding requirement is potentially more efficient than issuing NOVs
I.B: 2.0) Eliminate ability for one Distributor and/or Beverage Manufacturer to CRV and/or processing fees 'on behalf of' of another distributor and/or beverage manufacturer.
I.B: 2.1) No comments
I.B: 3.0) Increase interest assessment percentage for underpayment & late payment of CRV and/or processing fees
I.B: 3.1) No comments
I.B: 4.0) Assess fees to recover costs associated with processing certification and registration applications and processing hardcopy reporting forms
I.B: 4.1) Fees should be reduced for long certified / registered program participants

I.B: 4.2) First-time fee and a renewal fee with a tier-down schedule
I.B: 5.0) Increase the maximum allowable penalty amount (currently $5,000)
I.B: 5.1) No comments
I.B: 6.0) Establish a continuous appropriation to expend criminal penalties collected to fund/partially fund Interagency Agreement
I.B: 6.1) If the authority is provided the money should not be used to fund enforcement activity
I.B: 7.0) Administrative & Operational
I.B: 7.a.) Develop implementing regulations for PRC 14596(a) reporting and inspection authority
I.B: 7.a.1) PRC 14596, with or without AB1933 revisions, will not have any effect on the fraud coming through the program. PRC only applies to certified and registered program participants.
I.B: 7.a.2) Currently PRC statute only has administrative remedy not penal code remedy
I.B: 7.a.3) Formal administrative hearing judgment on individual that is not a CA resident is likely uncollectable
I.B: 7.b.) Establish requirement that all CRV purchases by certified recycling centers are reported according to the 'basis' (i.e., segregated by weight, commingled by weight, or by count) for which they were purchased.
I.B: 7.b.1) Update current hardcopy shipping report form to match current reporting regulations, if DORiis mandate is not implemented
I.B: 7.b.2) This is a step towards electronic records management and reporting
I.B: 7.b.3) Mandating use of DORiis would recover approximately $700K spent on processing hard-copy reports
I.B: 7.b.4) Pursuing mandate requiring use of DORiis is priority over basis reporting
I.B: 7.b.5) Reporting by basis will mitigate a "false-positive"
I.B: 7.c.) Implement Out-of-State Beverage Container Importation Monitoring Program with our partners at CDFA
I.B: 7.c.1) No comments
I.B: 7.d.) Implement regulatory changes to reduce the allowable daily load limit for consumer transactions
I.B: 7.d.1) Past experience does not demonstrate that this will be an effective limiter of fraud
I.B: 7.d.2) No public comment prior to putting the regulation package together
I.B: 7.d.3) There were 3 public workshops noticed to all certified operators
I.B: 7.d.4) Plastic and aluminum is reasonable, 1,000 lbs. for glass is unreasonable and would negatively impact collectors
I.B: 7.e.) Notify all registered distributors that failure to timely pay redemption payments, collected from Dealers, to the Department is seen an 'abuse of public funds' and potentially subject to criminal investigation.

I.B: 7.e.1) No comments
I.B: 7.f.) Refer most egregious cases of non-reporters/non-payers to DOJ for possible criminal investigation
I.B: 7.f.1) Examine model used by payroll taxes/ EDD tax/ BOE taxes for legal ramifications for non-payment. Are withholding payment of these taxes considered a criminal offense?
I.B: 7.f.2) Combine I.B.7. e and I.B.7.f, and comments above with bonding requirement to create a complete strategy
I.B: 7.f.3) The Department has statute in place that would facilitate imposing criminal penalties for lack of payment and/or underpayment
Beverage Container Recycling Program Reform Workshop #2 Comments Capture - September 18-19, 2012
II.) Modernize Program Operations
II.A:) Topic: Convenience Zone & Handling Fee Structure
II.A: 1.0) 1. Re-establish an annual cap on Total HFs Paid to all RCs
II.A: 1.1) If you adjust the 90-91 total HF paid with a 3% inflation rate results in current value dollar value of $37-38 million.
II.A: 1.2) Current dollars without a cap approximate the future value of the 90-91 total HF payments. This leads to a conclusion there is no need for a cap; other solutions should be considered.
II.A: 1.3) No online comments
II.A: 2.0) 2. Re-establish a monthly cap on HFs per site
II.A: 2.1) Monthly cap on HF payments provides for a broader distribution (i.e., more recycling center (RC) sites) of HF payments which supports the program goal of the Act to promote convenient recycling.
II.A: 2.2) Remove site and program HF cap.
II.A: 2.3) If there is a HF cap per site, there is a possibility that a site may not maximize their buyback purchases once they hit their maximum container limit for the HF cap. This would limit convenience.
II.A: 2.4) Because of the seasonality of redemptions, with a potential 20% swing, could penalize the operator on the peaks.
II.A: 2.5) In San Francisco, there is currently $2,500.00 overhead cost per employee to operate Convenience Zone (CZ) sites in San Francisco. This is greater than the HFs paid to offset these costs.
II.A: 2.6) Focus on cost per container, not HF cap.
II.A: 2.7) There should be a limit on number of certified RCs around a CZ, and not cap HF paid.
II.A: 3.0) 3. Amend definition of 'Supermarket' from $2M to $6M (for example)
II.A: 3.1) Definition and implementation of convenience for recycling has changed over the life of the program.

II.A: 3.2) Current model for providing convenience by way of CZ RCs is working but needs modification.
II.A: 3.3) OK with new criteria for gross sales related to creating CZs but allow existing RCs to be grandfathered to continue receiving HFs in the new CZ until they are decertified.
II.A: 3.4) "Big Box" retailers (e.g., Target, Wal-Mart) that have expanded food sales but are not currently included in Progressive Grocers Guide sites should be included with traditional grocers.
II.A: 3.5) Anecdotal evidence - current consumers do not have redemption opportunities at the "Big Box" stores in some circumstances.
II.A: 3.6) Other states base convenient recycling on all retail outlets that sell beverages, which is not the same as CA. CA uses full-line grocer to create a CZs.
II.A: 4.0) 4. Expand CZ from 1/2 mile to 1 mile (for example)
II.A: 4.1) If expanded, provide for grandfathering of existing CZ RCs.(See comments in II.A.3.3 above)
II.A: 4.2) Provide an analysis of the impacts of any change by grandfathering. Number of sites, existing site volumes, HF paid, processing payments, CRV paid, etc.
II.A: 4.3) What criteria would be used for grandfathering? Provide a stated rationale/justification for grandfathering.
II.A: 4.4) What is the rationale for a fixed distance radius to define a CZ?
II.A: 4.5) Recommend use of criteria that are not static and can be used to define CZs (e.g., population density, business density, socio-economic indicators).
II.A: 4.6) Expanding CZ definition to one mile would stop payments of HFs to a material number of RCs.
II.A: 4.7) Unintended consequences could be the inclusion of 'old-line' RCs causing HF payments in excess of today.
II.A: 5.0) 5. Allow RC to locate anywhere in CZ and be eligible for HF
II.A: 5.1) Code enforcement and local zoning ordinances could present a barrier to implementing this idea.
II.A: 5.2) Recommended criteria are grocer location first, then offsite priority.
II.A: 5.3) Allowing an RC to site at a location other than on supermarket location would support convenient redemption.
II.A: 5.4) Allowing RCs to locate anywhere in a CZ would increase the number of RCs popping up in residential areas.
II.A: 5.5) This idea would not increase the number of RCs eligible for HF in a zone. This is about locating the RC offsite (i.e., not at the supermarket).
II.A: 6.0) 6. Lengthen the time that a CZ can be unserved (currently 60 days)
II.A: 6.1) This would decrease the incentive to secure an RC for the unserved CZ.
II.A: 6.2) Recommend increase allowable time for a CZ zone to be unserved to approx. 120 days to facilitate certification and permitting. Currently it can take longer than 60 days to do this placing the

dealers in jeopardy of being required to redeem in store or pay $100 per day option).
II.A: 6.3) The interest of the consumer should be priority and the existing requirements should be enforced as they stand.
II.A: 7.0) 7. Establish a tiered HF payment structure
II.A: 7.1) Clarifying comment – HF payments will vary based upon criteria from RC to RC.
II.A: 7.2) Caution: this idea potentially could increase the complexity and overhead costs with making HF payments by creating a more complex payment structure.
II.A: 7.3) The goal should be to simplify processes to gain efficiency.
II.A: 7.4) The current HF survey process accounts for the additional cost of CZ recycling and should not be changed or reduced.
II.A: 8.0) 8. Place a monthly HF $ cap per CZ, but no limit to number of RCs
II.A: 8.1) Unintended consequences: de-incentivizes siting an RC in a CZ.
II.A: 9.0) 9. Eliminate HF paid to certified RCs
II.A: 9.1) Move to 14581 dialogue. Moved to Workshop #3
II.A: 10.0) 10. Limit / cap the number of certified RCs within a designated geographic area
II.A: 10.1) The number of RCs should equal the number of CZs.
II.A: 10.2) Need legal opinion as to whether Department has authority to implement a limit/cap.
II.A: 10.3) Analysis of relationship of recycling rates to served and unserved zones. Is there a correlation to the concept of convenience? (Does the ratio of served to unserved CZs correlate with the recycling rate?)
II.A: 10.4) Fixed HF payment per CZ.
II.A: 11.) 11. Administrative & Operational
II.A: 11.a.0) a) Assess a NOV on a SS site RC for failure to notify DOR that Supermarket that created the zone has closed.
II.A: 11.a.1) No comments
II.A: 11.b.0) b) Use shipping reports to calculate HF amounts. Require HF eligible RCs ship/close out inventory monthly
II.A: 11.b.1) Concern that internal Department operating costs could be saved at the expense of RCs who could incur additional costs or loss of income due to change in operations required. Request for analysis.
II.A: 11.b.2) Eliminate requirement for calendar period for HF reporting and base on DR6 claim only.
II.A: 11.b.3) Cost analysis needed for program participants versus internal Department costs and potential cash flow impacts (60 day lag).
II.A.New:) NEW IDEAS

FGW2.New: 1.0) 1 Material type that has handling fees paid on it should be processed by a PR in CA and the material should stay in CA (Only pay HFs for material collected, processed and used as feedstock by end users in CA)
FGW2.New: 1.1) Long term objective currently not possible with aluminum, but in full support.
FGW2.New: 1.2) Glass staying in the state would be of high value and would work to reduce the carbon footprint with CA glass container manufacturers.
FGW2.New: 1.3) HFs are paid to RCs who do not have control of where the material goes after end sale (after processor); HF is the wrong mechanism.
FGW2.New: 1.4) Restricting the market for UBC commodities could cost the program more by increasing RC costs. The appropriate method is processing payments and fees.
FGW2.New: 1.5) Possibly conflicts with interstate commerce.
FGW2.New: 1.6) Use other financial mechanisms to incentivize material to stay in state that has existing end-user capacity.
FGW2.New: 2.0) 2 Increase in the number of served zones and decrease the number of unserved zones
FGW2.New: 2.1) Increasing the number of served CZs provides equity for the consumer who is required to pay CRV. Consumers should have easy and convenient redemption opportunities.
FGW2.New: 2.2) Provide population density analysis for CZs.
FGW2.New: 2.3) Would require additional subsidy.
FGW2.New: 2.4) Use of mobile recycling to serve unserved CZs. Research Hawaii's program on this topic.
FGW2.New: 2.5) Reduce required hours of operation for RCs at unserved CZs (i.e., less than 30 hours). Provide efficient use of existing employees. Employees can be shared at multiple sites.
FGW2.New: 2.6) Primary barrier to siting RCs in unserved CZs are local ordinances.
FGW2.New: 2.7) Another barrier to serving unserved CZs is inadequate volume of material/lack of profitability in unserved CZs.
FGW2.New: 2.8) The current method for determining CZs needs to be redefined because it is out-of-date within today's economy.
FGW2.New: 2.9) Issues with property management not wanting RCs on their property. Property owner does not have a stake in the program.
FGW2.New: 2.10) Unbalanced negotiation due to statute. Property owner, supermarkets, RC operator. Supermarket and RC are bound by statute: property owner is not. The owner is leveraging this to their benefit; increasing costs to the RC or supermarket and to the program.
FGW2.New: 2.11) Current statute regarding agreements between property owners, supermarkets and RCs is unenforceable.; Department has no authority in the negotiations.
FGW2.New: 2.12) AB 3056 caused an increase in rents impacting profitability of RCss, which impacts HF cost survey results and processing fees/payments.

FGW2.New: 2.13) Currently CA has reduced requirements for dealers'' responsibility to redeem UBCs compared to other programs in the country, but retains the feature of dealer responsibility in order to ensure convenient redemption.
FGW2.New: 3.0) 3 The dealer or SS should not be the recycler of last resort because it is not the appropriate business to perform recycling - it is contrary to their primary business
FGW2.New: 3.1) The mandate on the dealer to redeem in-store (if CZ is unserved) should be removed. There are currently sufficient recycling opportunities and the mandate is not needed.
FGW2.New: 3.2) Removal of the mandate for in-store redemption will collapse part of the program. In-store redemption is the norm domestically and internationally.
FGW2.New: 3.3) There needs to be a responsible party that can be held accountable for providing convenient redemption opportunities. Currently this is the dealer.
FGW2.New: 3.4) Consumer redemption can help lower Green House Gases (GHG). This is due to combining consumer activity using the same resources for more than one activity.
FGW2.New: 3.5) Use incentives, not penalties, to provide/induce redemption opportunities not CZs determined by supermarkets.
FGW2.New: 4.0) 4 How population centers relate to retail centers should be a greater driver of what a convenience zone is. Anchor off of other types of businesses, not just supermarkets.
FGW2.New: 4.1) Demographic analysis of residential population centers in relation to existing supermarkets and other businesses should be considered. Possible alternative for creating the "center" of a CZ?
FGW2.New: 4.2) 'Big Box' stores (e.g., Target, Walmart) are not currently defined as supermarkets because they are not included in the Progressive Grocers Guide.
FGW2.New: 4.3) Use existing research to answer the questions outlined above - do not try to re-invent the wheel.
FGW2.New: 5.0) 5 A competitive bidding process to receive HF payment (e.g., lowest bidder)
FGW2.New: 5.1) Accept lower HF payment (e.g., per container/by site/by location) as a bid.
FGW2.New: 5.2) Process where the RC would pay the State for the right to receive HF payment for a zone.
FGW2.New: 5.3) The State could franchise the operation of CZ RCs.
FGW2.New: 5.4) Would need to resolve current CZ issues prior to implementation.
FGW2.New: 5.5) Provide for exclusive "sole franchisee" for a geographic region.
FGW2.New: 5.6) Exclusive franchisor would exclude the private marketplace - eliminate competition.
FGW2.New: 6.0) 6 Only pay HF payments on material that has not achieved mandated recycling rate goal
FGW2.New: 6.1) A requirement would be removal of loss and fraud from recycling rates prior to determining eligibility.

FGW2.New: 6.2) Consequences include negatively affecting the profitability of RCs serving a CZ and negatively affecting convenient redemption.
FGW2.New: 6.3) Would unused HF payments for material that has met the recycling rate be redistributed for materials that have not achieved the recycling rate?
FGW2.New: 6.4) Perform an analysis of the effect on the current methodology if you remove the material that has met its mandate.
FGW2.New: 7.0) 7 Allow recycler centers to not accompany shipments with a DR6
FGW2.New: 7.1) Move to Program Reform - Focus Group Workshop #5
Beverage Container Recycling Program Reform Workshop # 3 Comments Capture – September 24 &25, 2012
III. Improve Cash Flow / Reduce Payables
A. Topic: Establish criteria for distribution of unspent Fund balance/Reduce 14581 payments
II.A: 2.0) 2. Prioritize 14581 payments based upon program performance goals
II.A: 2.1) Processing fee offsets do not support program goals and should be a low priority.
II.A: 2.2) The prioritization of 14581 payments should be by percentage of CRV containers recycled by program type. (e.g. CZ recyclers 3x the volume of CS)
II.A: 2.3) The core of the program is consumer redemption at recycling centers (RC) and recycling thru end users. This has achieved 80% recycling. This also has a side benefit of producing a higher quality material. The goal is recycling not diversion.
II.A: 2.4) Processing fee offsets are not necessary if you eliminate processing payments. The scrap market is healthy so subsidy is not necessary.
II.A: 2.5) Processing payment and handling fee payments are necessary to support consumer redemption
II.A: 2.6) Curbside supplemental, Quality Incentive Payments (QIP) and grants are lower priority than processing payments & handling fees because they do not directly support consumer redemption which is the core of the program.
II.A: 2.7) There is an inherent conflict between achieving higher recycling rates and dealing with the structural imbalance.
II.A: 2.8) Higher recycling rate of glass is partially due to processing payments. Processing payments encourage processors and recyclers to purchase and process glass. Glass is not profitable for PR/RC to handle and would discourage recovering the material without the processing payment. This also increases the quality of the commodity.
II.A: 2.9) QIP is a high priority because it creates capital investment resulting in a higher quality material recovered. QIP works with processing payments and should be considered in tandem.
II.A: 2.10) Curbside supplemental payments benefit the consumer by providing convenient recycling

opportunities and potentially lower fees charged for curbside service.
II.A: 2.11) Processing payments should be paid for by beverage manufacturers 100% not offset by using CRV money. Go back to the original intent of the statute which did not provide for a processing fee offset.
II.A: 2.12) The cost of recycling glass will not be covered if proportional reductions are implemented as they are currently defined.
II.A: 2.13) #18, outside of California the standard business practices is that the cost of redemption through end use is covered by beverage manufacturers.
II.A: 2.14) This is response to #18. The cost of redemption through end use is covered by the consumer deposit. In a traditional bottle bill, redemption is an accounting mechanism between the dealer and beverage manufacturer. The unredeemed component is what drives the system similar to Beverage Container Recycling Act.
II.A: 2.15) Curbside Programs (CS) are funded by the CBCRF for approx. $100 million Processing Payments, Curbside Supplemental, California Refund Value and QIPs with an approx. 7.5 cents per container. Making payments to CSs is unique to the CA beverage container recycling program.
II.A: 2.16) There is no analysis of curbside cost for recovering CRV materials. This analysis is being requested.
II.A: 2.17) $15 million curbside supplemental payment is an arbitrary value
II.A: 2.18) Curbsides have funding sources in addition to the CBCRF and therefore they have lower exposure of reduced profitability due to changes in the fund.
II.A: 2.20) Plastic Market Development Payment (PMDP); what is the basis for the $150 per ton paid to manufacturer and processor?
II.A: 2.21) PMDP; Is the program reaching its goal of keeping CRV materials in CA?
II.A: 2.22) QIPs; payment is made on glass originating in single stream which produces a lower quality commodity. This is after the material has already been paid for with CRV. What is the cost per container/per ton (cost survey methodology). This analysis is being requested.
II.A: 2.23) PMDP objectives; can they be met by a recycled content mandate for food and beverage containers?
II.A: 2.24) The $100 million of fund payments made on CRV material collected by CS programs is to primarily cover the cost of preparing, cleaning, and transporting material to market. Consumers are paying for the cost of collection through their utility bills for CS service. Consumers by choice are funding MRF activity by choosing curbside recycling in place of redemption centers.
II.A: 2.25) HF's should be the highest priority because they are directly linked to consumer redemption at RCs and are directly related to the stated goals and objectives of the Act.
II.A: 2.26) Prioritization should be based on volume of material redeemed.
II.A: 2.27) Need a net cost per container per 14581 line items to determine the net contribution to recycling rates. This would be for evaluating effectiveness.
II.A: 4.0) 4. Reduce all or select 14581 payments

II.A: 4.1) The Local Conservation Corps (LCC) are a core component and collect the most difficult materials to recover.
II.A: 4.2) LCC serve underserved communities.
II.A: 4.3) LCC provide model to expand the program.
II.A: 4.4) Prioritize 14581 payments by service to underserved community, material that does not lend itself to be redeemed or recycled, and co-collection of materials working towards zero waste.
II.A: 4.5) Evaluation of the program covers all material that could be covered by the program.
II.A: 4.6) What constitutes an underserved community; what are the metrics for underserved community?
II.A: 4.7) What is the percentage of material collected by LCC as a portion of all material collected? Do we have a cost per unit for recovery of materials by the LCC?
II.A: 4.8) LCC should be a high priority in 14581 payments.
II.A: 7.0) 7. Eliminate all or select 14581 payments
II.A: 7.1) LCC are not directly addressing the goals as stated in the Act. Although, their funding is a worthwhile cause it should be provided by the Legislature and not the CBCRF.
II.A: 7.2) Eliminating 14581 payments would reduce the recycling rate.
II.A: 7.3) Elimination of14581 payments could have an adverse effect on 2500 union jobs in CA Processing payments are a high priority for maintaining a healthy glass market in CA.
II.A: 7.4) PMDP has been effective in developing infrastructure in CA to process CRV commodities. This may not need to be permanent funding; the infrastructure could have more capacity to process more material than is available within the state; what are the criteria for phasing out PMDP?
II.A: 7.5) PMDP has funding until 2017.
II.A: 7.6) Line items subject to proportional reduction are not common to other consumer redemption programs in the US. Maine has achieved more than 90% recycling without the noncore line items.
II.A: 7.7) Other programs use unredeemed deposits to support many facets of recycling.
II.A: 1.0) 1. Percentage of available Surplus Funds Appropriated via Annual Budget Process
II.A: 1.1) Creates too much uncertainty for program operators.
II.A: 1.2) Moving this to a fiscal year negotiation conflicts with the seasonality of the industry.
II.A: 1.3) It politicizes the decision about dispensing surplus funds to an even greater extent.
II.A: 3.0) 3. Performance based funding using volumes of beverage containers collected/recycled
II.A: 3.1) This concept has merit and could be a constructive policy. Criteriacould be based upon volume, cost, and/or any ratio thereof.
II.A: 3.2) Funding based on volumes pays people extra money for already being successful in the collection of material. The indication is that if already successful why is extra money needed. Surplus funds should be directed towards program goals that are currently less successful. Efficient and effective programs that are addressing more costly recycling are the middle ground this statement is

addressing.
II.A: 3.3) Quality of the commodities collected needs to be criteria in evaluating performance.
II.A: 3.4) Drive for efficiency should not undermine effective programs already in place.
II.A: 3.5) Performance based prioritization is fair and equitable method for handling budgets in difficult times.
II.A: 3.6) Performance based prioritization does not address unprofitable sectors of material collection. LCC are reaching the hardest to reach material with higher labor cost. Performance measures cannot account for intangibles that support program goals, such as education of public on diversion. This must be considered in any evaluation for funding.
II.A: 5.0) 5. Make surplus CRV to the local jurisdictions based upon per capita or other demographics, or volumes redeemed to be used for recycling related purposes
II.A: 5.1) All CBCRF should be expended to support the stated goals in statute.
II.A: 5.2) Local jurisdictions are better equipped to define how the money is spent to meet local recycling needs than the state.
II.A: 5.3) This would increase bureaucracy, be inefficient, and results in lack of accountability. Is the money being spent to recover material?
II.A: 6.0) 6. Pay surplus CRV back to the consumers via a bonus payment/program/CRV reduction, etc.
II.A: 6.1) Monies should be focused on program participants that provide redemption to the consumer.
II.A: 6.2) History of the program; had a bonus payment in its earlier days that was paid to the public and was highly effective.
II.A: 6.3) How would you be sure that the bonus was paid to the consumers that paid the CRV at the dealer? People already benefit from redeeming CRV, and they also benefit from other programs.
II.A: 6.4) Program has achieved 80% recycling no need to incentivize more recycling.
II.A: 8.0) 8. Establish authority for redemption fees paid into the program can only be paid out as CRV
II.A: 8.1) No comments.
II.A: 9.0) 9. Eliminate HF paid to certified RCs
II.A: 9.1) HF's should not be subject to proportional reduction.
NEW IDEAS
FGW3.New: 1.0) 1. Pay 5 cents CRV consumer redeems 4 cents offset is used to cover program operations et al.
FGW3.New: 1.1) Pay differential is triggered by recycling rate at 80% or more.
FGW3.New: 1.2) This will be moved to another meeting that this topic will be covered.
FGW3.New: 2.0) 2. Keep it as it is now.
FGW3.New: 2.1) This is an elegant solution devised by the legislature. It distributes the sacrifice to all

evenly with no winners and no losers. All 14581 stakeholders have contributed to the success of the program
FGW3.New: 2.2) If reforms are brought forward on how the distribution of surplus funds are to be handled, all stakeholders should be provided with a monetized analysis of surplus funds.
FGW3.New: 2.3) Preference is for increased revenue as opposed to changing the current proportional reduction formula.
FGW3.New: 2.4) RC redemption is primary. Not all 14581 stakeholders contribute equally to the volume of material collected. The proportional reduction is unreasonable.
FGW3.New: 2.5) Not all 14581 stakeholders contribute equally to the volume of material collected and processed. There are stakeholders that have zero effect on the recycling rate.
FGW3.New: 3.0) 3. New proportional reduction formula.
FGW3.New: 3.1) For each 1% over the 80% recycling rate goes there would be a 5% proportional reduction for all 14581 stakeholders.
Beverage Container Recycling Program Reform Workshop # 4 Comments Capture – October 3-4, 2012
II. Modernize Program Operations
II.C:) C. Processing Fee & Processing Payment Structure
II.C: 1.0) 1. Eliminate processing fee offset from CBCRF
II.C: 1.1) The program has been generous with beverage manufacturers by providing offsets in times of surplus; it may be time to reconsider
II.C: 1.2) The current construct of processing fees/payments is inconsistent with the original (1986) intentions of the Act.
II.C: 1.3) The processing fee rewards material types achieving 80% recycling rate by reducing the processing fee paid by the Beverage Manufacturers. It is there to incentivize material that is not achieving its mandated goal.
II.C: 1.4) The processing fee rewards material types achieving 80% recycling rate by reducing the processing fee, but does so by creating a deficit in the fund which threatens the fund's solvency.
II.C: 1.5) One option is to eliminate processing payments and go to a traditional bottle bill.
II.C: 1.6) Before offsets there was a disincentive to recycle, because you only paid processing fees on containers that were recycled.
II.C: 1.7) This is a producer responsibility issue; Beverage Manufacturers should be responsible for paying in $1 of processing fees for every $1 of processing payments to cover the cost of recycling material
II.C: 1.8) Increase in processing fees could force packaging changes by Beverage Manufacturers, which would become a cost to the consumer.
II.C: 1.9) The dynamic nature of the revenue stream to the Program based on different material types

could cause unanticipated reduction in revenues due to changes in the mix of UBC materials.
II.C: 1.10) Changes in packaging/material types due to the additional expense of processing fees could impact jobs in the State of CA associated with container manufacturing.
II.C: 2.0) 2. Reduce amount of the processing fee offset from CBCRF
II.C: 2.a.0) a. Tie PF to minimum content
II.C: 2.a.1) Not all material types have the same attributes, technical standards for individual material types are unique. Raw stock is a national market and cannot be driven by one state. We would have state regulations that would not sync with a national market for raw stock material. This path has high technical and scientific barriers to a successful implementation.
II.C: 2.a.2) Regulations that are out of sync with national markets have been successful in the past.
II.C: 2.a.3) Glass is a good material, has high recyclability and is the only material subject to minimum content currently. Recommend that minimum content be applied to all material types under this proposal.
II.C: 2.b.0) b. Tie PF offset to current recycling rate, by material type
II.C: 2.b.1) Variant of current methodology - limited merit for this forum
II.C: 2.c.0) c. Eliminate sliding scale for determining the PF rate
II.C: 2.c.1) Variant of current methodology - limited merit for this forum
II.C: 3.0) 3. Shift responsibility for paying PF to Distributors
II.C: 3.1) The choice of packaging materials and styles is determined by Beverage Manufacturers, not Distributors. Distributors have no influence in determining packaging material types or styles, but would bear the responsibility for the processing fee imposed.
II.C: 3.2) Distributors do not have a mechanism for recapturing a fee imposed on alcoholic beverages. Alcoholic Beverage Control rules/regulations prohibit Distributors from charging separately for fees. Also the same rules/regulations prohibit Distributors from requiring payments from dealers sooner than 30 days on alcoholic beverages.
II.C: 3.3) The Beer industry is a three tier system. The majority of Distributors are not directly connected to the Beverage Manufacturer of alcoholic beverages. Large soft drink organizations, on the other hand, tend to be vertically integrated and can be a single tier system. The soft drink industry currently is implementing this concept implicitly (vertically integrated Manufacturer/Distributor organizations report and pay processing fees via the Distributor). Existing market of recyclable material (UBC) could be approximately 65% non-alcoholic.
II.C: 3.4) But, there is a large percentage of the soft drink industry that is not vertically integrated. See II.C: 3.3)
II.C: 4.0) 4. Shift responsibility for paying processing fee from Beverage Manufacturers to Dealers
II.C: 4.1) There are currently 1450 registered Beverage Manufacturers and approximately 30k Dealers in DORIIS. The restructuring of this process from Manufacturer to Dealer could create substantive cost and complexity if implemented. Many process barriers.
II.C: 4.2) Many unresolved technical issues would be involved in collecting processing fees on

containers sold outside of dealers. (The current definition of "Dealer" excludes vending machines, lodging, and eating and drinking establishments.) The 30k Dealers is likely underestimated for all entities that could be responsible for processing payments.
II.C: 4.3) The 30k number represents Dealer sites, not operators, operators of these sites would be a smaller number.
II.C: 5.0) 5. Change the PF paid based upon size or weight of the container subject to PF
II.C: 5.1) This would add a layer of complexity increasing the administrative cost and complexity of collecting processing fees.
II.C: 5.2) If the Program is expanded to include wine and spirits, it will have substantive impacts on processing fee/payments, because of the container size and weight associated with wine and spirit products.
II.C: 5.3) The value of this proposal within the scope of these meetings cannot be assessed without further analysis.
II.C: 5.4) Beverage container packaging is dynamic and would add to the complexity (even more).
II.C: 6.0) 6. Only pay PP for material types that have a PF paid
II.C: 6.1) This is the current process.
II.C: 6.2) No comments - limited merit for this forum
II.C: 7.0) 7. Abolish material types (e.g., PP, LDPE, PS, etc.)
II.C: 7.1) No fiscal advantage to this idea.
II.C: 7.2) This proposal is counter to goals of the Program; this rewards container types that have poor recyclability.
II.D:) D. Redemption Fee Payment Structure
II.D: 1.0) 1. Shift responsibility for paying redemption payments to dealers
II.D: 1.1) Potential benefit: recoverery of CRV paid at Dealers by Consumers, but not paid into the CBCRF.
II.D: 1.2) Simplifies the process by which new products are added to the Program
II.D: 1.3) This proposal is counterproductive and should be ignored. Need cost benefit analysis to determine if there is any value to this idea. Have there been any complaints about the current system?
II.D: 1.4) Observations/logistics. There are sophisticated (automated sales and accounting systems) and nonsophisticated Dealers. Potentially 80% of the Dealers are sophisticated. Need a shares analysis of Dealers identifying the ratio of sophisticated to nonsophisticated Dealers. Though a smaller portion of Dealers are nonsophisticated by count, there could be more entities to pursue for nonreporting/non payent and/or underreporting/underpayment of CRV compared to the current Program. Driver of Distributors collecting CRV with transparency is Statute requiring Distributors to bill CRV as separate line item on invoices.
II.D: 1.5) Would Dealers be reimbursed for the cost of new reporting requirements placed upon them?

II.D: 1.6) Potentially Distributors are more efficient in their operations and if the responsibility is moved to Dealers it could possibly require increasing the administrative fee paid, due to the lesser efficiencies of small Dealers.
II.D: 1.7) If this is a compliance issue, won't the proposal increase the complexity of compliance activities by substantially increasing the quantity of entities that would need to be monitored or audited?
II.D: 1.8) If the proposal is implemented, it should also require processing fees be collected at the Dealer as well.
II.D: 1.9) What transaction would trigger payment of CRV into CBCRF? The sales to consumers or purchases from Distributor? What about eating and drinking establishments - would they collect and pay CRV as well?
II.D: 1.10) The definition of Dealer is in statute and might have to be modified to include any entity that sells CRV beverages to consumers that are not defined as Dealers currently, to ensure the integrity of payments.
II.C: 2.0 – 6.0 The work group had an active dialogue that crossed multiple ideas/topics. The capture did not strictly adhere to a single idea/topic for a portion of the meeting. Many of the comments captured applied to multiple ideas/topics. The global idea/topic for 2-6; maintain the current 5 & 10 cent Refund value with a corresponding 5 & 10 cent redemption value, or modify the current model? Modification considered included; change the refund and redemption values (up or down) and/or implement a variance between the refund value paid by the consumer and the redemption value received by the consumer (e.g. pay 5 cents at Dealer and receive 4 cents at the Recycling center).
II.D: 2.0) 2. Pay $0.10 CRV on all beverages deemed "IN" regardless of container size
II.D: 3.0) 3. Keep Redemption Payment at $0.05 and $0.10, but decrease CRV paid out (less administrative fees paid).
II.D: 4.0) 4. Increase CRV to $0.10 and $0.25 (as an example)
II.D: 5.0) 5. Adjust $0.10 CRV threshold from 24 oz. to 20 oz. containers
II.D: 6.0) 6. Reduce Redemption payment to $0.02 and $0.05 (as an example)
II.D: 2.1) The state of Michigan can provide a model for experience with 10 cent deposit. Michigan currently has 90% + recycling statewide with over 100% recycling at state border dealers.
II.D: 2.2) Increasing CRV to higher levels: this concept does not respond to the current structural issue. Potentially, in 2 years, the program would face reworking same structural issues with vastly larger sums of money.
II.D: 2.3) Raising CRV has the potential to decrease sales of beverages in the State by affecting the consumer
II.D: 2.4) Increasing CRV would also increase administrative fees by the set percentage of 1.5%.
II.D: 2.5) Increasing CRV, when implemented has the potential to impose a short-term lack of funds. A potential new cash flow issue.
II.D: 2.6) The Reform Project would not be necessary if all fraud was stopped and there was zero

fraud. Increasing glass to 10 cents would incentivize the importation of glass containers into CA for illegal redemption.
II.D: 2.7) Increasing CRV has the impact of increasing the quantity of unredeemed CRV which becomes available to offset structural imbalance.
II.D: 2.8) Loss of glass container sales due to increased CRV would have an impact on employment associated with glass packaging production in CA. Also reasonable to assume raising CRV on other material types causing reduced sales will impact many jobs associated with the supply chain for Beverages.
II.D: 2.9) Increases in CRV have been used as an incentive to increase redemption and recycling in the past, this was appropriate. Now that the program is meeting its goal increasing the CRV does not seem reasonable. This seems like a PR nightmare.
II.D: 2.10) Recommend changing to material-specific CRV rates paid into the Program in addition to container size. Increasing CRV paid into the Program and out increases the quantity of CRV dollars lost to fraud. Currently a truckload of aluminum (20 ton) imported into the State is worth $60k and the same truckload of PET is worth $40k of CRV. Increasing CRV would increase the value of these loads. Increasing CRV is wrong. Increasing CRV to offset fraud is not an appropriate use of increasing CRV paid in. Paying a differential - more CRV paid in per container than is paid out in redemption - could potentially be a tax and have legal issues.
II.D: 2.11) Public perception is that CRV is a tax due to the variance between container count payment and redemption by weight. Public will probably accept an increase in CRV rates if we are upfront about it.
II.D: 3.1) Public would accept a pay variance e.g. 5 cents paid in and 4 cents paid out, but would not accept raising the current rates to higher CRV levels.
II.D: 3.2) If the variance had to be accounted for at the point of purchase this would create new accounting requirements on potentially all Dealers and Distributors.
II.D: 3.3) The purpose of this effort was to address the deficit in the Program, this deficit is due to the success of the Program in meeting its goals. The Program has wide consumer acceptance and the cost associated with this success should be transparent for the public. The public should be made aware of the cost associated with the success. 14581 participants are challenged to maintain the 80%. The variance (difference between pay in and pay out) would be explained as necessary due to the maturity and success of the Program (high recycling rates reducing available operating funds) to continue to operate the Program and maintain the current recycling rates.
II.D: 3.4) Operator of buyback centers believes the public currently is invested in a nickel-in and nickel-back. This is a common issue at buyback centers with consumers arguing to make sure they get every penny back. This leads to the idea that if a variance in payments occurred it would have to be a line item at the dealer. Potentially could lead to substantial buyback center complaints.
II.D: 3.5) Transparency is necessary for consumer to understand it costs something to operate the Program. There needs to be a reflection of Program costs and internal and external.
II.D: 3.6) Consumer education campaign critical to the success/transparency

II.D: 4.1) Increasing the CRV rate would potentially increase the volume of material associated with fraud. This can vary based upon the size of the increase in the rate.
II.D: 4.2) There is a direct correlation - increasing the CRV paid increases the profit margin for fraud.
II.D: 5.1) Potential benefits to increasing accuracy of surveys for curbside rates.
II.D: 5.2) This idea has limited merit when addressing structural imbalance
II.D: 5.3) This would address a loss caused by comingled rates that are impacted by this cut-off point.
II.D: 6.1) Potential benefits of this idea include a reduction in recycling rates reducing CRV paid out for redemption. This is a disincentive to fraud by lowering the profit for fraud. The consumer would have more disposable income available to them that would have been spent on higher CRV rates. This is also a deterrent to scavenging. This could potentially limit the availability of redeemed recycled UBC material for end users and have an impact on the scrap value market possibly raising prices.
II.D: 6.2) The immediate impact would be a reduction in administrative fees, lowering profitability and threatening Recycling Centers providing convenient recycling opportunities. Can the administration of the Program survive on this amount?
II.D: 6.3) The assertion of lowering CRV and lower recycling rates impacts on scrap value market are contrary to prior experience. There may not be a correlation between lower recycling and higher scrap rates.
II.D: 7.0) 7. Administrative & Operational
II.D: 7.a) a. Include all 'ready-to-drink' beverages for human consumption, except as specifically excluded in the Act (i.e., milk, medical food, and baby formula) in the program.
II.D: 7.a.1) Move to Workshop # 7, Oct 31
II.F:) F: Administrative Fee Payment Structure
II.F: 1.0) 1. Reduce the current administrative percentages DS participants are allowed to deduct from their CRV payment
II.F: 1.1) In the last 3 years Distributors have facilitated the cash flow of the Fund by accepting shorter reporting periods (60 – 30 days). Distributors are currently floating/gap financing the Fund by fronting CRV payments for Dealers. This is due to lag time between remitting CRV to the Department and receiving payment from Dealers. There should be consideration of increasing the administrative fee due to carrying costs and bad debt.
II.F: 1.2) Existing in statute and practice are administrative fees paid to private sector entities collecting revenue on behalf of the State.
II.F: 1.3) Hard facts are needed to determine actual costs and the admin fee should be set to define costs incurred by distributors.
II.F: 2.0) 2. Reduce the current administrative percentage paid to all disbursement program participants
II.F: 2.1) Currently profitability is lean. This would have a detrimental effect on the number of convenient redemption opportunities in terms of eligibility as well as payment.
II.F: 2.2) Do not reduce admin payment to RCs - it is critical to their survival.

II.F: 3.0) 3. Eliminate current administrative fee paid to all disbursement program participants
II.F: 3.1) No comment - lacks merit
NEW IDEAS
FGW4.New: 1.0) 1. One option is to eliminate processing payments and go to a traditional bottle bill
FGW4.New: 1.1) Move this to Focus Group 5
FGW4.New: 1.2) This would save significant Program costs. The Department would not need to perform comingled surveys, cost surveys, and scrap value surveys. And you could fund the Program with the unredeemed CRV and the majority of 14581 would go away.
FGW4.New: 1.3) This requires a cost benefit analysis and a comparative analysis of a traditional deposit program and AB2020.
FGW4.New: 1.4) conversion to a traditional bottle bill would cost Sac County $2 million annually to their curbside operation.
FGW4.New: 2.0) 2. Tie processing payments to the quality of the processed material
FGW4.New: 2.1) This already happens with scrap value and is unnecessary.
FGW4.New: 2.2) Potential redistribution of the same money.
FGW4.New: 2.3) Limited merit for this forum.
FGW4.New: 2.4) Processing payment currently encourage poor practices producing low quality material.
FGW4.New: 3.0) 3. Increase admin fee to distributors
FGW4.New: 3.1) The intent is to base admin fees on actual costs as opposed to a static value.
FGW4.New: 4.0) 4. Selective increasing of CRV for specific material type.
FGW4.New: 4.1) The intent is to increase revenue and address the structural imbalance. Create more revenue to offset non CRV costs.
FGW4.New: 4.2) If the intent is to increase revenue why would there be separate rates possibly lowering revenue? Level playing field (current system 5 & 10).
FGW4.New: 4.3) Would have impacts on processing fees and payment calculations and would add cost and complexity.
FGW4.New: 4.4) The rates would be related to the recycling rate for the specific material. Management of CRV rates would be material-specific as opposed to container-specific for achieving recycling goals and increasing Program integrity. Currently aluminum's high recycling and CRV rates are a source of the Program imbalance. Could bring the whole Program down.
FGW4.New: 5.0) 5. Add a 1.5 cent recycling fee to redemption to provide operating revenue.
FGW4.New: 5.1) This is the Hawaii model.
FGW4.New: 5.2) This could also be the definition of the variance when collecting more CRV per container than is paid out in redemption.
FGW4.New: 5.3) This needs to be a whole number that can be managed by existing accounting systems in an effective manner that represents the actual amounts collected and paid without

rounding issues. Could present substantial barriers for retailers in their software accounting and their POS transaction i.e. cash register 1/2 penny issues.
Beverage Container Recycling Program Reform Workshop #5 Comment Capture - October 16, 2012
II. Modernize Program Operations
II.B:) B. Calculation & Application of Commingled Rates
II.B: 1.0) 1. Develop definition of commingled rate paid by recycling centers to consumers
II.B: 1.1) The total amount of post filled (means any container which had been previously filled with a beverage or food) material equals just the volume of curbside material claimed.
II.B: 1.2) There is a definition for the commingled rate. That definition is the statewide average from surveys. This is unenforceable for compliance and enforcement activities associated with redemption at buyback centers.
II.B: 1.3) Lower load limits producing smaller loads at buyback is easier to inspect to determine the load being commingled and/or segregated.
II.B: 1.4) “Commingled Loads” is open for interpretation. Would like to see a set number (a percentage of non-CRV material).
II.B: 1.5) Purchases of commingled materials at certified recycling centers should match the published state wide average rate. If the load falls below the state wide average the consumer would have to sort the load to at least meet the statewide average. Get explicit compliance and enforcement guidelines for the recycler to be able to use for purchasing practices.
II.B: 1.6) State should provide posters with defined guidelines for what constitutes a load that is commingled and that the commingled rate would be paid for those loads. Loads that do not meet those guidelines would be scrap only. The consumer has the option to sort.
II.B: 1.7) The "commingled rate" referred to, is the published statewide rate. This value as a percentage is currently not published it is obtained by dividing the commingled rate paid by the segregated rate paid per pound; this is the percentage that is being discussed.
II.B: 1.8) Potentially could have negative impacts on RC operators that would enforce a published commingled rate by pushing customers to RC operators that are more flexible in their interpretation.
II.B: 1.9) The shrinkage allowance for contamination is an element that could affect implementing commingled rates. Shrinkage is contamination and that is the purpose for shrinkage.
II.B: 1.10) Commingled definition in regulations is defined as mix of CRV and non-CRV UBC's. The issue for recyclers is the interpretation of this regulation. PRs cannot adjust loads due to mix of materials in the load it is not practical to implement. This was tried in the past and did not work. Enforcement currently reduces loads based on observations and the presenter of this comment takes issue with this practice.
II.B: 1.11) Adopt a regulation to establish a wet-rate for recyclers that would allow them to reduce the amount paid to consumers for a load of containers that has excess moisture. Currently there are no

regulations for this. Adopt this for aluminum and possibly plastic. Initial recommendation of 20% reduction for wet-rate.
II.B: 1.12) This idea could potentially reduce the quantity of non-CRV material purchased at buy backs, though it will probably be minimal and the non-CRV material will likely end up in curbside material.
II.B: 1.13) Pay segregated only for HDPE, there is too much non-CRV HDPE in the market causing excessive purchases of non-CRV material in commingled loads. Each material type should be evaluated to determine the impacts of the non-CRV material on the commingled purchases. Materials should be considered individually for application of commingled.
II.B: 1.14) Recommend that the department suspend (commingled is temporarily not a basis for consumer purchases) commingled rates for a 2-year period at buy back centers for all materials. Non CRV material is not paying its way in the program. This is to address issues identified under this topic B1. This still provides the consumer the opportunity to get their CRV back. This is for buy back centers only.
II.B: 1.15) Eliminating commingled rates at buy back centers would not substantially address the issue of program integrity due to loss of CRV funds based upon commingled loads with minimal amount of CRV in it. This potentially would bring the buyback center into conflict with the consumers over amounts paid for material received.
II.B: 1.16) Commingled loads account for processing payments made on non CRV material in excess of the published state wide rates.
II.B: 2.0) 2. Pay segregated refund value only
II.B: 2.1) move to E.
II.B: 3.0) 3. Abolish the ICRS program
II.B: 3.1) An issue was identified that the current survey methodology overstates the statewide rate for CS.
II.B: 3.2) ICRS participants are excluded from the CS statewide survey.
II.B: 3.3) The current self-survey process has the potential of bringing the integrity of the ICRS rate into question, by allowing a large amount of unsupervised survey activity to occur.
II.B: 3.4) The process providing program participant the opportunity to choose the statewide rate or ICRS results should be stopped and the participant honors the ICRS or does not participate in the ICRS. The participant should be paid at the ICRS rate if it is lower than the statewide rate.
II.B: 3.5) ICRS has merit and should be subject to state verification of independent results. The participant has the ability to presurvey material prior to the state verification survey. The participant should not have the right to choose between ICRS results and the statewide rate.
II.B: 3.6) ICRS is an excellent program. It is an education for the operator and increases the quality of the material. It helps the sorters to receive as much material as possible. It provides the maximum benefit for CRV materials placed in curbside bins to consumers and curbside operators. It has the potential to reduce the rate structure. MRF operators currently are surveying 6 times a year; this may not be necessary, it could be just 4 times a year. There is a lot of data that is electronic about this material and there could be an improved process for using electronic data to validate these ICRS

results. The majority of material is CRV aluminum and is reasonably accurate; plastics could use more containers per survey to increase the accuracy.
II.B: 3.7) Contracting survey work out to independent contractors that are prequalified by the state this would supplant self-surveying. Participants would not survey their own material. This introduces arm's length transaction third party. Contractor fees would be paid by the participant.
II.B: 4.0) 4. Pay program participants based upon results of their ICR survey
II.B: 4.1) Would include the four primary commodities. You would have to perform a full survey on all of them and once you participated it would be for a fixed period with no opting out.
II.B: 4.2) The issue being addressed is CRV being paid for non CRV material based upon ICRS results. The statewide average is potentially imposing lower payments on some program participants that are being paid less for the CRV material.
II.B: 5.0.0) 5. Administrative & Operational
II.B: 5.a.0) a) Suspend the ICRS program
II.B: 5.a.1) This is currently implemented to address other issues. The issue being addressed was the redirection of department staff and resources to perform the commingled rate surveys associated with $800 million of all programs.
II.B: 5.a.2) This locks in rates for participants potentially providing an advantage over competitors, by not resurveying and lowering ICRS rate for participants that were locked in at higher rates.
II.B: 5.a.3) The majority of ICRS participants are good operators that have made substantial capital investments to capture high-quality material and increase profitability. This creates jobs. The 2-year cycle is a good time frame.
II.B: 5.a.3) If the ICRS program is suspended and rates are frozen then the state should survey and review ICRS participants to ensure the accuracy of the rates.
II.B: 4.b.0) b) Realign ICRS objective/purpose to our financial objectives
II.B: 4.b.1) This is to address paying CRV for Non- CRV material. Includes modifications to statute and or regulations to reconfigure the ICRS.
II.B: 5.c.0) c) Modify the sampling methodology currently used to set the commingled rate for all program types
II.B: 5.c.1) This can be affected by policy and is currently being worked. This is to address changes in business practices in the private sector and the markets to realign the survey methodology to match what's going on in the market.
II.B: 5.c.2) For curbside programs the percentage shrinkage and or contamination issues associated with managing curbside material should be part of the rates for curbside programs.
II.B: 5.c.3) The methodology is based on the inbound material being surveyed but it should also include a survey of the outbound recovered material to account for losses in material management. Factor the variance into the commingled rate.
II.E:) E. Topic: Refund Value Payment Structure
II.E: 1.0) 1. CRV payments at commingled rate only for all loads redeemed by weight.

II.E: 1.1) This provides more control over the cash flow addressing the structural imbalance.
II.E: 1.2) Alternative is to view this as a singular redemption by weight rate with the ability to redeem by count making the program a 2 tier system. Redemption by count or by weight with a single rate for weight. This concept is the same as segregated only. It allows for non CRV content in weight purchases and provides the ability to account for the structural imbalance making the fund solvent.
II.E: 1.7) The single commingled rate per pound for purchases by weight would encourage fraud by encouraging loads with very little CRV to be redeemed as a high percentage of all program transactions. This is an additional opportunity for fraud to take place.
II.E: 1.1) Another implementation would have the loads be 100% CRV material and pay a rate lower than what would be the statistical segregated rate. This would be a variance between paid in and paid out providing surplus to address program imbalance.
II.E: 1.2) There is the potential the public would not accept a variance between paid in and paid out.
II.E: 1.7) This would result in large increases of material volume in the program. Down the road this could have severe consequences caused by new material and/or beverages added to consumer loads would upset the structure.
II.E: 1.8) 1B. Pay segregated refund value only
II.E: 1.9) Particular to CZ recyclers, a large operator adopted segregated only practices with an expectation of a loss in volume based upon 2.2 million transactions. But the pounds per day went up and not down. It appears that not accepting commingled did not impact volumes. Based on analysis of 758 comments only 3 were complaints regarding not purchasing non CRV material (commingled).
II.E: 1.10) Currently, training has many barriers because of the complexity of implementing commingled purchases. Paying segregated only facilitates training and operations due to the simplification for RC operators. The lack of a hard definition for commingled is the issue that is being addressed by this solution.
II.E: 1.11) Another large operator has adopted the segregated only model and it is working very well. At the beginning of the program there were fewer beverages in the program. Allowing commingled purchases contributed to the overall litter reduction goals of the program. New beverage types that have been added to the program made commingled purchasing obsolete. Of those that have non CRV in their loads, 98% leave the non CRV to be recycled and do not take it back to recycle elsewhere. Consumer education was key to successfully implementing segregated only
II.E: 1.12) Curbside scavengers have loads with low CRV content and rely on commingled purchasing to cash in on their scavenged material. Segregated only could help local jurisdictions efforts to reduce and or stop curbside scavenging.
II.E: 1.13) Industry representative contacted several large brick and mortar scrap yards & CZ operators. They indicated they are either currently doing this or see no issue with adopting segregated only and endorse segregated only at buy back centers.
II.E: 1.14) Possible net sum gain for curbsides if segregated only is implemented at buy back.
II.E: 1.15) Would greatly simplify compliance and enforcement efforts.
II.E: 2.0) 2. Allow CRV by count for up to 200 containers (as an example)

II.E: 2.1) For large operators daily operations are negatively impacted by count transactions. They consume time and staff and move substantially smaller amounts of material for the same effort. The conversion of count transactions to weight has an inherent loss to the recycler.
II.E: 2.2) Multiple operators secondthe idea that 50 is acceptable and that increasing this substantially (e.g. 200) will have negative effect on the operations and profitability of RC/buy back centers.
II.E: 2.3) Processing payments offsets for plastic purchases by count help minimize the loss to RC buy back centers.
II.E: 3.0) 3. Conduct study of the allowable % reduction taken & shrinkage adjustment
II.E: 3.a.0) a) Reduce the allowable % reduction taken **b) Eliminate the allowable % reduction taken** **c) Increase the allowable % reduction taken**
II.E: 3.a.1) 2.5% reduction was an industry standard for aluminum and was adopted for the program and all material types. This reduction is to allow for loss of received weight between the consumer transaction and delivery to processor so that there was not a loss of refund value claimed due to material management. This is a normal process in business. Today aluminum should be higher than the 2.5% possibly 3%. Percentage reduction should be material specific and could provide tighter cash management for RC operators.
II.E: 3.a.2) Industry vernacular shrinkage equals percent reduction.
II.E: 3.a.3) Adopt industry standards for shrinkage used by end users for specific materials ISRI and/or major corporations that are end users can assist in obtaining this information.
II.E: 2.b.1) Not clear if there are industry standards for material types other than aluminum.
II.E: 2.b.2) Can refer to 'wet-rate'comment.
II.E: 3.b.3) Going to segregated only purchased by weight could have impacts on, or be impacted by, percentage reduction taken due to the change in the composition ofthe material redeemed. May require a total of 3-4% reduction taken/shrinkage due to the lack of non-CRV material to increase received weight in order to avoid taking a reduction in claimed redemption payment. Purchasing commingled loads results in a lower claimed redemption weight which is less susceptible to being reduced due to percentage reduction and or shrinkage.
II.E: 3.c.0) The processor does not have the methodology to reduce payment based on the composition of the load.
II.E: 3.c.1) If purchases by segregated only were implemented RC buybacks would be encouraged to accept non CRV material and process it for a consumer adding to the received weight providing enough support to receive 100% reimbursement of claimed refund value based on segregated purchases.
II.E: 3.c.2) To effectively manage percentage reduction there has to be an accompanying auditing presence by the department otherwise it encourages collusion and laziness. Auditing presence should be at the processor and recycler levels.
II.E: 4.0) 4. CRV payments for segregated loads only redeemed by weight or by count at recycling centers

II.E: 4.1) Pass. Already discussed and dialogued.
II.E: 5.0) 5. CRV payment only for segregated material by count redeemed at recycling centers
II.E: 5.1) Pass. Already discussed and dialogued.
II.E: 6.0) 6) Establish % of loss into the refund value rates paid out to consumers and groups
II.E: 6.1) This would be a small percentage applied. One factor is dry weight equals paid on weight this needs to be considered when comparing dry wet versus redeemed weight. Moisture reductions and other considerations of contaminations would be considered separately.
II.E: 6.2) Public education could increase the quality of material redeemed in place of percentage reductions adjustments and/or percentage of loss factored into refund value rates.
II.E: 6.3) This is another form of a variance between amount paid in and amount paid out per container pay in 5 pay out 4. This topic should be merged and or considered with recycling fee and other topics that have the same concept.
II.E: 7.0) 7. Established calendar periods for completing shipping reports. Tighten up the reporting associated with consumer activity.
II.E: 7.1) This would force recyclers to ship when it may not be economically feasible. These are logistic issues.
II.E: 7.2) The Division has multiple instances where material is being held for more than 24 months and we would like to explore possibly calendar fiscal year close out.
II.E: 7.3) Non-issue
II.E: 7.4) Limit the number of claims a recycling center can submit (e.g., maximum number of submissions per day, per month, etc.)
II.E: 7.5) There are precedents in DTSC universal waste
NEW IDEAS FGW #5
No New Ideas Captured
Beverage Container Recycling Program Reform Workshop # 6 Comments Capture - October 25, 2012
III. Improve Cash Flow / Reduce Payables
III.B:) B. Topic: Reduce costs associated with CalRecycle administration of the CBCRP
III.B: 1.0) 1. Shift responsibility for paying redemption payments to dealers
III.B: 1.1) This topic has been dialogued in Focus Group Workshops # 3 and/or 4.
III.B: 1.2) This topic was presented to the audience for potential updated feedback. No Feedback was received from the workshop participants.
III.B: 2.0) 2. Eliminate paper report processing
III.B: 2.1) This requires legislation. Currently it is optional for program participants
III.B: 2.2) DORIIS: 80% of processors are currently on DORIIS. It will require new legislation to make use

of DORIIS for reporting mandatory.
III.B: 2.3) DORIIS: Beverage Distributor and Beverage Manufacturers, 25% are using DORIIS. Approximately 36,000 reports are submitted annually by all Beverage Manufacturers and .Distributors.
III.B: 3.a.0) 3. Administrative & Operational
III.B: 3.a.1) Administrative, civil and criminal judgments comprise the penalties received by the Department. It requires an appropriation for the department to access these monies.
III.B: 3.a.0) a) Contracts
III.B: 3.a.1) No comments received
III.B: 3.b.0) b) Payroll
III.B: 3.b.1) If savings are realized, the department should redirect the savings to additional staff in problem areas, e.g. out-of-state importers, and/or combating fraud.
III.B: 3.b.2) Approximately 64% of recycling staff report directly to Jose Ortiz (deputy director) this is the 130 position versus 202 noted in the power point presentation.
III.B: 3.b.3) On the pie chart the $11,814,000 are the salaries and benefits for staff assigned to the Division of Recycling. The $17,653,000 includes staff not assigned to the Division of Recycling, but throughout CalRecycle (department) that are engaged in supporting the CBCRP. This includes partial PYs and full PYs.
III.B: 3.c.0) c) Grant oversight
III.B: 3.c.1) CalRecycle staff responsible for CBCRF grant oversight are located outside of the Division of Recycling, they are located in the Materials Management & Local Assistance Division of CalRecycle (department). They do not report to Jose Ortiz (deputy director)
III.B: 3.c.2) Question: how many positions are assigned to manage CBCRF grants? Answer: roughly 8-10 (per Howard Levenson).
III.B: 3.d.0) d) Enforcement oversight
III.B: 3.d.1) Enforcement oversight is not effective
III.B: 3.d.2) The topic of Enforcement and Compliance activities/processes will be added to the November 19th public hearing expanding upon the original intent for the meeting, Out of State importers reporting.
III.B: 3.d.3) What was the cause of the surge in enforcements/investigations in 2010? The Department had a short term surge of staff field presence to perform the Recycling Inspection Process (RIP), this was primarily to address issues with excessive HDPE recycling rates. Many staff from multiple business units were redirected from their assignments to staff this effort. This redirection was not a sustainable model due to cost (e.g. travel, overtime, etc.) and the negative impact on non-enforcement and non-compliance activities.
III.B: 3.d.4) Dealer versus RC inspections in 2010 - what was the cause of the re-focus? Why was the quantity of dealer inspections so much larger than Recycler Center inspections? Prior to 2010 there were 2 separate inspection units, one for Dealers and one for Recycling Centers. With new Enforcement management in 2010, the two business units were merged and former dealer inspectors

were redirected to RC inspections based on a belief that RC inspections were a higher priority.
III.B: 3.e.0) e) Certification / Registration oversight
III.B: 3.e.1) No comments received
NEW IDEAS FGW # 6
No comments received
Comment Capture FGW # 7
IV. Improve Cash Flow / Increase Revenue
IV.A:) A. Add new beverages types
IV.A:) Beverage types are the driver of "IN" the program (current interpretation/implementation of the program)
IV.A: 1,2,5,6: 0) 1. Wine & Distilled Spirits
IV.A: 1,2,5,6: 0) 2. Milk
IV.A: 1,2,5,6: 1. For context, milk is about 7% of the nationwide beverage market, in terms of number of units.
IV.A: 1,2,5,6: 0) 5. Vegetable juice over 16oz.
IV.A: 1,2,5,6: 0) 6. Fruit juice over 46oz.
IV.A: 1,2,5,6: 0) A.1, A.2, A.5, A.6 - Is a single dialogue about products that are specifically excluded from the program. This is expanding products included in the program.
IV.A: 1,2,5,6: 1) There's probably little or no chance of this ever getting past the legislature.
IV.A: 1,2,5,6: 4) Including products specifically excluded from the program could increase the quantity of redeemed CRV material to the point where it overwhelms some smaller recyclers.
IV.A: 1,2,5,6: 5) Small amounts of miscellaneous materials would be hard for recyclers to manage and present to processors (e.g., aseptic & gable-top).
IV.A: 1,2,5,6: 6) Can CalRecycle confirm if there are competitive markets, domestic and/or export, for aseptic, gable-top and foil pouch containers? The concern is when delivering aseptic, gable-top and foil pouch containers material to a processor, the processor may not have a legitimate market in which to sell these materials.
IV.A: 1,2,5,6: 7) Will there be sufficient redeemed volume for the aseptic, gable-top and foil pouch containers to support markets? The Act cannot ensure that these markets for these materials exist and are viable.
IV.A: 1,2,5,6: 8) There is a wide disparity in per container weights between wine and spirit containers and smaller containers already in the program. This impacts processing fee calculations based upon a per container value. This leads to small containers subsidizing the larger containers generally associated with wine and spirit products.

IV.A: 1,2,5,6: 9) HDPE is a negative net CRV (see chart provided) and would decrease if you added milk.
IV.A: 1,2,5,6: 10) There could be a differential rate applied to the same material type with different beverages types and the size of the container determining the redemption value of the container. This would help reduce the impact of lost CRV in the curbside stream.
IV.A: 1,2,5,6: 11) Adding specifically excluded products to the program creates the blending of buy back and curbside objectives. If the consumer is encouraged (added CRV) to redeem more material that is currently non CRV, it is likely to result in the removal of added beverage containers from the curbside stream. This lowers the value of curbside recovery and creates additional costs for the consumer on their utility bill.
IV.A: 1,2,5,6: 12) The original goals of the program included reducing litter and increasing recycling. (Litter studies were done in the early years of the program.) The litter aspect now seems to be lost in favor of forcing recycling.
IV.A: 1,2,5,6: 12.a) The idea of forcing collection until somebody comes along and wants the material (i.e., collecting the material and hoping that a market develops) wastes recyclers' time and money.
IV.A: 1,2,5,6: 13) Curbside Operator voiced support for the idea that adding new beverage types and paying a nickel would remove valuable material from the curbside stream. To reiterate a differential rate could provide a balance of material between curbside and buyback in volume.
IV.A: 1,2,5,6: 14) Different rates could make it difficult to calculate the recycling rates. Comment in reference to IV.A: 1,2,5,6: 13.
IV.A: 4,7a,7b: 3) Adding the new beverage types could help address paying of CRV on nonCRV containers due to material management issues
IV.A: 4,7a,7b: 4) This idea will drive the utility bills for consumers up because it will decrease the value of curbside materials collected. This would not increase recycling rates. Currently there is an underground economy that is scavenging these materials and adding CRV value to these materials would incentivize further scavenging and further negatively impact curbside operators. Do not see the value of moving a pot of money from aspect of the program to another aspect of the program.
IV.A: 4,7a,7b: 5) Recommend that incentivizing recycling by adding CRV to additional products helps create a cleaner stream of material through the buyback center. Adding these materials to the program also increases there values with processing payments admin fees CRV as added values providing a revenue stream that local jurisdictions could take advantage of. The commentator is not in agreement that it would not increase recycling.
IV.A: 4,7a,7b: 7) Combining the inclusion of more beverages and their associated containers with a segregated rate eliminates the majority of confusion and complexity of the program at the buyback center only.
IV.A: 4,7a,7b: 9) There is an expectation that the current 3.8 cents overhead cost for $1 of revenue would remain the same or decrease if additional beverages were included in the program.

IV.A: 4,7a,7b: 0) A.4. In general, if beverage type is not specifically excluded from PRC definition of 'Beverage', then define beverage type is 'IN' in program
IV.A: 4,7a,7b: 0) A.7. Administrative & Operational
IV.A: 4,7a,7b: 0) A.7.a) Eliminate policy moratorium on energy shots/containers less than 2.5 oz.
IV.A: 4,7a,7b: 0) A.7.b) Re-evaluate current policy for select product 'IN' or 'OUT' determinations
IV.A: 4,7a,7b: 0) A.4, 7.a, 7.b - Is a single dialogue about the complexity of the determination process about what products are OUT" of the program, based on technical determinations documented in policy. Could be resolved by stronger direction from the legislature providing clear/hard definitions in legislation.
IV.A: 4,7a,7b: 2) Leakage = CRV paid on non-CRV containers. This is applicable to the commingled and segregated rate due to material management issues. There is confusion in the commingled rates. The consumer subsidizes the non CRV containers that have a clouded definition whether they are in or out of the program. An example of these issues is HDPE recycling rate at 104%. Every ready to drink beverage should be included in the program.
IV.A: 4,7a,7b: 6) Regarding what is IN or OUT, it makes no sense that a beverage container be excluded from the program because of its contents when it is identical to a container included in the program. This is especially perverse when those containers are manufactured side-by-side on the same line. Think of bottles for Martinelli's sparkling cider and wine. Same bottle.
IV.A: 4,7a,7b: 8) History. 100% juices over 46 ounces was a distinction in the expansion of the program.. Policy rationales for exclusion of juices greater than 46 oz. included beverage versus "food" (e.g., OJ vs. Lemonade), WIC implications and single-serve versus multi-serve packages.
IV.B:) B. Add new material types
IV.B:) Material types are the driver of "IN" the program (new interpretation/implementation of the program)
IV.B: B.1,A.3: 0) B.1. In general, container type would drive inclusion in the program/subject to CRV
IV.B: B.1,A.3: 0) A.3. Include non-beverage products, of the same material type, in the program
IV.B: B.1,A.3: 0) A.3 - Move to, and merged with B.1.
IV.B: B.1,A.3: 0) B.1 and A.3. - Products currently "OUT" of the program will be included based on material type of the container
IV.B: B.1,A.3: 0) Still beverage driven but add new materials with beverages that are determined to be IN the program
IV.B: B.1,A.3: 1) Elimination of PRC 14504 (b)(1) – The current statute creates a regulatory subsidy for materials that are not currently viable (by excluding non-recyclable containers from the program). This punishes product manufacturers who put their products in the most recyclable container types and rewards less-responsible product manufacturers. This facilitates CAW recommendations.

IV.B: B.1,A.3: 3) Container types that do not have a viable market currently are likely being landfilled. Container type is a better fix than beverage type when expanding the program financially. Container type can provide program viability for a longer duration than increasing beverage type. Beverage type has traditionally provided 2 - 3 year of unredeemed funds available as surplus. There are processing fee issues that will need to be resolved if expanding by container type, but they can be resolved.
IV.B: B.1,A.3: 4) Beverages as the driver for inclusion should be maintained because adding container type without consideration of the content could include containers with hazardous materials in them. This can create health and safety issues for business operators and the public in general.
IV.B: B.1,A.3: 5) Processing fees can present issues based on expansion of program by container type. New products may have lower carbon footprint and will likely require higher processing fee offsets when initially brought into the program. (The processing fee offset should not only be based on recycling rates, but instead could include carbon footprint).
IV.B: B.1,A.3: 6) Expansion of material type will mean expanding beverages in the program, for example expanding into gable-tops. The ratios of beverage type to container type are linked to each other. To expand a beverage type in the program you will also be expanding the container types. The expansion of beverage type or container type to realize a short term surplus in the initial implementation could be imprudent fiscal management. The goal is to seek a global solution to the structural negative cash flow in the program.
IV.B: B.1,A.3: 7) Why is beer included but wine and spirits are not? PRC 14504(b)(2) should also be removed along with (b)(1).
IV.B: B.1,A.3: 8) Wine industry representative opposed to including wine in the program.
IV.B: B.1,A.3: 9) West Coast Protective League (representing glass-worker interests) opposes inclusion of wine and spirits in the program because it could negatively impact job creation opportunities.
IV.B: B.1,A.3: 10) Inclusion of wine bottles could have potential complexity associated with the labeling of products before filling. (Wine bottles are sometimes labeled long before they are filled and sold to consumers.)
IV.B: B.1,A.3: 11) The statute is inclusive and exclusive at the same time (i.e., including some beverages and containers and excluding others). Having a statute that is either inclusive or exclusive but not both would provide simplicity and clarity.
IV.B: B.1,A.3: 12) The Department's recommendations for expansion of the program by either container or beverage type should be restrained to existing container and beverage types and not adding wholly new products to the program. Work with what you know and what you have for efficiency.
IV.B: 2,3: 0) B.2. Aseptic Containers
IV.B: 2,3: 0) B.3. Gable Top Containers

IV.B: 2,3: 1) The small redeemed volume of these products may not support a market causing these containers to become contaminants in the recycled material stream.
IV.B: 2,3: 2) LDPE and PS already not viable products, do not have viable markets and are examples of the above comment (IV.B: 2/3: 1))
IV.B: 2,3: 3) Alternatively, the use of incentives like CRV could increase the redeemed volumes of these materials to a point which encourages investment and creates markets to handle the materials.
IV.A: 1,2,5,6: 5) Small amounts of miscellaneous materials would be hard to manage and present to processors (aseptic & gable-top).
IV.A: 1,2,5,6: 6) Can CalRecycle confirm if there are completive markets, domestic and/or export, for aseptic, gable-top and foil pouch containers? The concern is when delivering aseptic, gable-top and foil pouch containers material to a processor, the processor may not have a legitimate market to dispose of the material.
IV.A: 1,2,5,6: 7) Is there sufficient volume for the aseptic, gable-top and foil pouch to support a market. The act cannot ensure that these markets exist and are viable.
IV.B: B.1,A.3: 2) The Container Recycling Institute supports including pouches, aseptics and gabletops in the CA program. There are a handful of programs in Canada that include gabletops, aseptics and pouches, and do so successfully. There is new technology in the UK to recycle pouches. The Carton Council has been working nationwide to increase the recycling of aseptics and gabletops. Including them in the CA system would dramatically increase the recycling rate of those materials.
NEW IDEAS FGW # 7
FGW7.New: 1.0) no new ideas were presented for capture